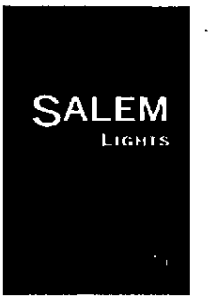
It's Not What You Expect. SALEM New York.

Salem's changing! And it's not what you expect. Totally new packaging and carton graphics and three great new box styles.

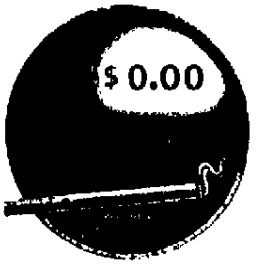
Full flavor slide box

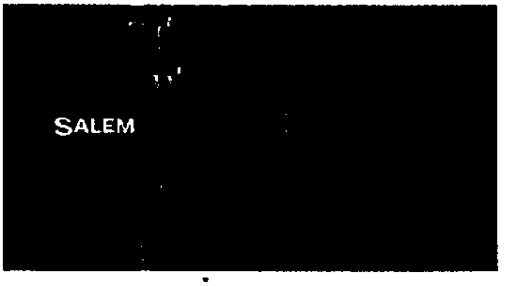
Full flavor 100 Flip top box



Lights slide box

- Salem's new initiative will be supported with high retail awareness and powerful advertising, so smokers will be looking for SALEM.
- Trial-generating promotions will be available throughout the period to welcome smokers to the brand and move product!
- Each style of SALEM will be credited toward the full price share-of-market objectives of our partners program.
- An efficient program is in place to transition to the new product and minimize disruption.





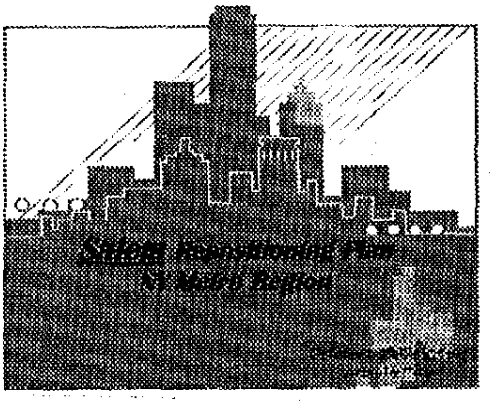
51854 0472

It's Not What You Expect

SALEM

So stay tuned . . .

Source: https://www.industrydocuments.ucsf.edu/docs/mhkn0000



Salem Tactical Plan ... NY Metro

- Region Business Trends
- Timetable
- Returned goods plan
- Merchandising
- Promotional penetration / Consumer mission
- Retail Presence
- Workplan objectives/goals

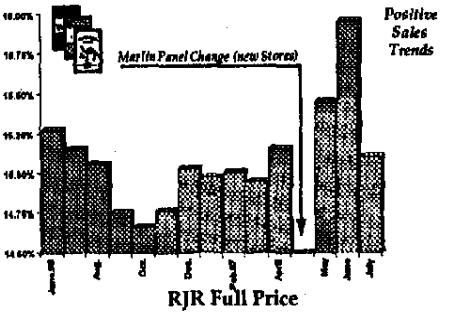
Section #1

Region Business Trends

Why .....

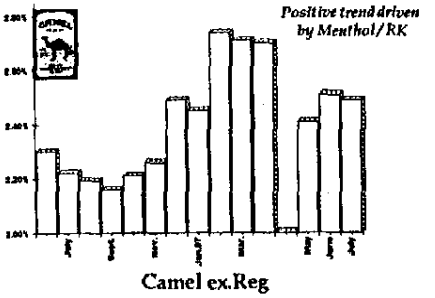
Introduce a new Salem in the New York City Market?

Region Business Trends / Marlin (AO)



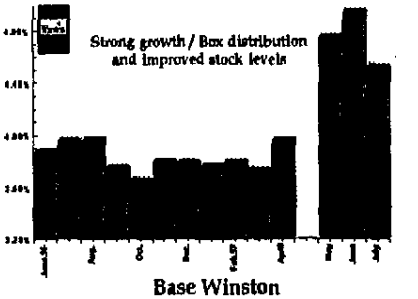
RJR Full Price

Region Business Trends / Marlin (AO)



Camel ex.Reg

Region Business Trends / (AO)

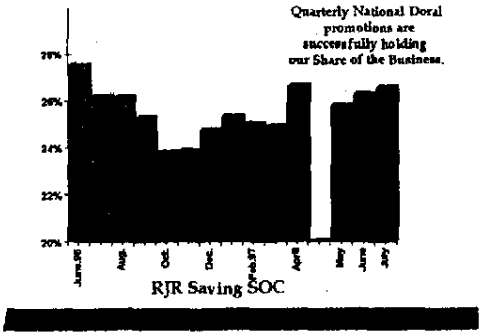


Base Winston

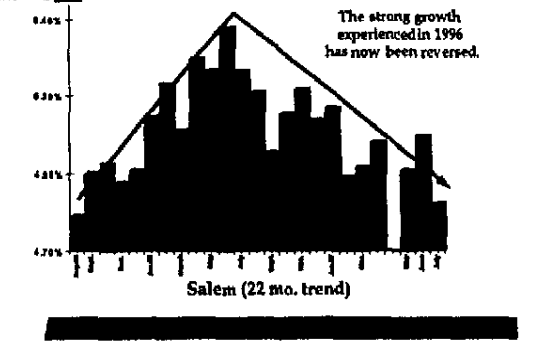
51854 0473

Source: https://www.industrydocuments.ucsf.edu/docs/mhkn0000

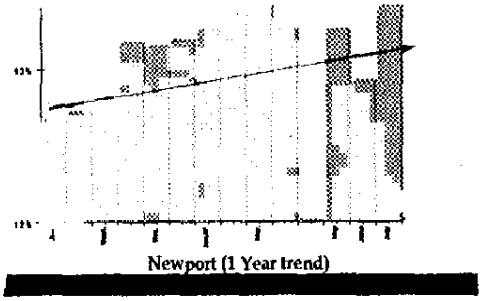
Region Business Trends / (AO)



Region Business Trends / (AO)

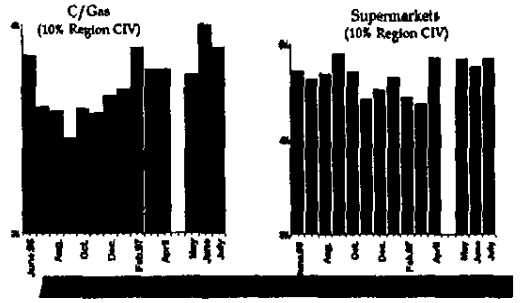


Region Business Trends / (AO)



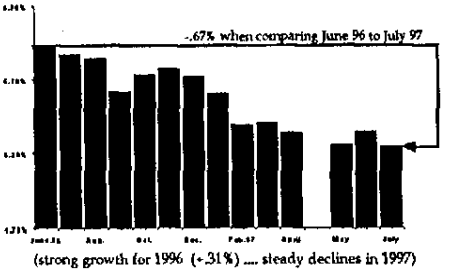
Salem SOM / marlin ..1 Year trend

(Flat to slightly positive trends)



Salem Share ... Other Stores 80% CIV

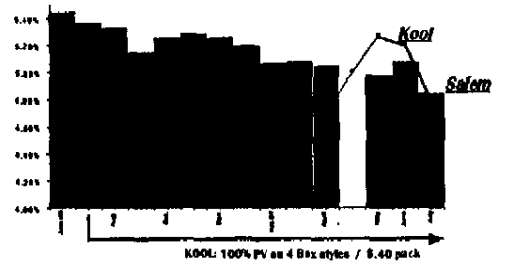
(June 96 to July 97 ..... 1 Year trend)



(strong growth for 1996 (+.31%) .... steady declines in 1997)

Salem and Kool Share in "All Outlets"

(June 96 to July 97 ..... 1 Year trend)



(Kool's 100% PV on Box Styles is now showing impressive share gains)

51854 0474

Source: https://www.industrydocuments.ucsf.edu/docs/mhkn0000

[redacted]

24% Soft pack

- Box as a % of Total Cigarettes Sold:
  - *No current Salem Box business*
  - *4 new styles will place Salem in the preferred packaging in NYC.*

6% savings

- Savings as a % of Total Cigarettes Sold:
  - *It makes sense to concentrate on FP*
  - *Minimal effort is required to hold our 27% of this small category*
  - *Camel, Base Winston, Sp Initiatives are showing strong sales*
  - *Salem is the only underperforming major FP brand in NYM*
- The Menthol Box category is now growing in the NYC area: +2.32% YTD.
  - *Consistent share growth on Newport (uncontrolled)*
  - *6 month growth on Kool ... (100% PV on Box in NYC)*

Salem is the Largest FP KIR brand in NYC ... showing declines ... it is time to do something in an attempt to stop the Newport growth

[redacted]

Section #2

Timetable

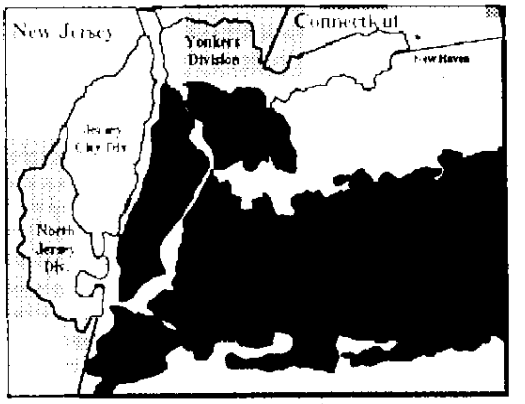
[redacted]

[redacted]

Salem Plan ..... Work Plan Calendar

	Sept.	Oct.	Nov.	Dec.
Sell down old graphics				
Onserts - announcement				
1st ship date				
Prebook in box styles				
(1st available date: Oct.6)				
Deep discount old graphics				
Down the Street Effort				
Buy 1 Get 1 Free offer				
Tear-tape / $.30 box				
(1st available date: Oct.6)				
Coverage Projections				
*64% CIV ... 100% monthly				
*86% CIV .. 100% monthly				
... 100% qtrly ... 80% yrly				

[redacted]



[redacted]

Section #3

Returned Goods
(plan to minimize)

[redacted]

[redacted]

Salem Plan .... Minimizing Returns

- **Prior to 1st ship date of new Graphics:**
  - *Explain the Salem new graphics to retailers / ask for help.*
  - *Begin to Limit / Control Prebooking (styles & quantity)*
  - *Search all stores for overstocks. OPM's, under counter, backroom.*
  - *Wholesale: fully explain importance of rotation / minimizing stock.*
  - *Wholesale: set up new slots for dual inventory ... in advance.*
  - *Presell the 4 new Box styles (Retail Prebooking effort)*
- **When new graphics begin to arrive at wholesale (Oct.6):**
  - *Dual inventory accounts. Immediately begin shipping 100% new graphics to test area ..... old graphics only to non-test area retail.*
  - *DA's involved with 100% test area: Immediately arrange to ship all unopened / unstamped cases to Bonded warehouse for credit. This will allow these direct accounts to begin shipping 100% new graphics to retail on the first available ship week.*

[redacted]

51854 0475

Source: https://www.industrydocuments.ucsf.edu/docs/mhkn0000

Salem Plan .... Minimizing Returns

- **When new graphics begin to arrive at Retail:**
- RR's: *Immediately begin aggressive discounting old graphics. Priority should be placed on temporary displays (dump bins, temp.counter displays, etc.)*

  New graphics should be now displayed on the permanent footprint along with supporting POS/PDI.
- TR's: *Sell, Display, Advertise ... do it all in the Low Volume calls.*
- SR's: *Begin implementing the Salem Matching strategy on the new graphics (prebooks) .... emphasis on the 4 new Box styles (100% distribution objective).*
- **Retail Removal of old graphics; January 1, 1998**

  Objective: "No Returns"!

Section #4

Merchandising

Permanent Footprints / NY Metro

One FP Footprint

One Display: Primarily in Low Volume calls where it is not cost efficient to contract for more than one. Average cost / $27 monthly .... Territory Rep. Calls or calls located in HIGH SECURITY areas in Harlem/Bronx. Approximately 20% of total contracts are Metro 1FP.

Two FP Footprints

Two Displays: The primary set-up in NYM. Typically 100+ cartons Weekly .... 65% of Region's contracts are 2 FP displays.

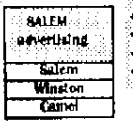
Three FP Footprints

Three FP Displays: Are found in high volume stores with No Savings Business. Approx.. 15% of total contracts.

Standard Load / Boro's & Sl.Is.

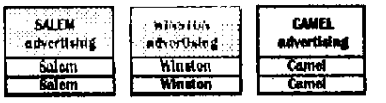
*Queens (excluding the Bronx)
*Brooklyn
*Staten Island
*Manhattan (excluding Harlem / Bronx);
*Long Island (excluding C/Gas);

One FP Footprint



Two FP Footprints

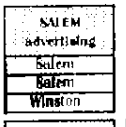
Three FP Footprints



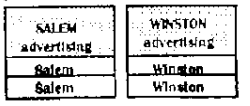
Overdeveloped Menthol

Menthol Category 50%+
Camel opportunity Minimal
* The Bronx
*Harlem

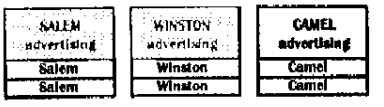
One FP Footprint



Two FP Footprints



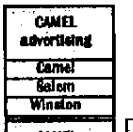
Three FP Footprints



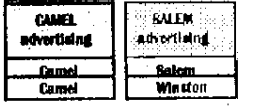
Camel Primary Load

*Lower Manhattan
*Long Island (C/Gas only)

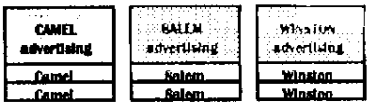
One FP Footprint



Two FP Footprints



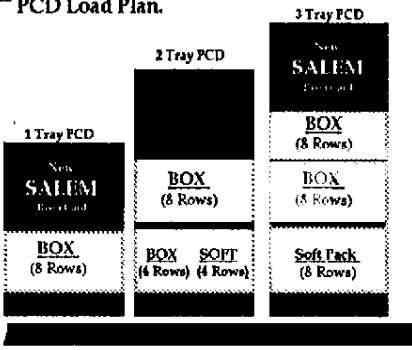
Three FP Footprints



51854 0476

Source: https://www.industrydocuments.ucsf.edu/docs/mhkn0000

Recommended Brand Style PCD Load Plan.



Salem Plan ..... Merchandising

- **In all calls it is critical to maintain presence for Salem** .... *however Salem will not always occupy the primary display or primary FPD position. If Salem is the secondary brand, a top priority is to place a supplemental semi-permanent display for New Salem Slide Box styles and priority brands (Box and Soft) will be displayed on the Salem section of the permanent display.*
- **Top priority .... New Salem Box Styles:**
  - *We want the 4 new Salem Box styles displayed separately on a Semi-Permanent or temporary display in "ALL CALLS"!*
  - *Where this cannot be accomplished .... as a last resort these new Box Styles can be positioned in the primary position on our permanent footprints....along with the primary soft pack styles.*

Section #5

Promotional Penetration
Consumer Mission

Salem Plan ..... Promotion

- **Salem Box & Lt. Box "B1G1F":**
  - *Available DTS/Nov. 1 ..... 4,500 four carton displays (4,050 vap)*
  - *Send to National Promotion list of stores ... 1 sku per account.*
  - *Additional quantity for TR's to work off car (450 for penetration)*
- **Tear-Tape promotion (available Oct.6):**
  - *Salem Box styles (85, Lt., 100, Lt.100)*
  - *2 months Inventory/100% PV/some Chains will have unpromoted*
  - *$.30 tear-tape product, full grahic ctn/set up as a promotion (order)*
  - *826 12m cases / 12,390 four carton displays*
  - *To effectively gain distribution on 4 new Box styles in the low volume retail .... we must give the retailer a reason to carry 4 new sku's. The promotion ($.30 off a pack) is enough incentive for the retailer to carry 4 new brands until they justify (sales) being in stock regularly.*

Salem Plan ..... Promotion

- **Salem Semi-Permanent Display:**
  - *40 pack display .... 2 packs wide (advertises new Slide Box / 85 & Lt. 85)*
  - *$10 per month payment*
  - *Holds B1G1F .... then $.30 off Tear Tape Product ... adv. for both offers.*
- **DPC 20 Pack Display:**
  - *Designed for the $.30 tear tape product.*
  - *Brand Specific 20 Pack display Shipper*
  - *Offer can be 1-20 pack with the 2 new Slide Box Styles ..... or 2-20 packs with all 4 Box Styles (85, Lt.85, 100, Lt.100)*
  - *Territory Representatives ..... will carry on the car.*
  - *Telemarketing program for Select Direct Accounts/incentive payment to the Telemarketing employee.*

Salem Plan ..... Promotion

- **Salem Matching Strategy (grid stores):**
  - *Effectively work the company program*
- **CTS:** *Work the CTS $1.50 ceiling strategy on New Graphics*
  - *Aggressive discounting on old graphics/separate temp. display*
- **Supermarkets:** *Currently are not on Grid .. no Salem support.*
  - *Aggressive discounting on old graphics/separate temp. display*
- **Promotional Plan Summary:**
  - *The region's priority is to effectively penetrate the complete NYM marketplace with the new Salem Box product. If we do this right, we'll spread the 16,890 promotional displays (B1G1F & DPC) throughout approximately 86% of the total region's CIV with initial Box promotion.*

51854 0477

Source: https://www.industrydocuments.ucsf.edu/docs/mhkn0000

Salem Plan ..... Consumer Mission

- **Working within the NYC sampling laws:**
  - *Consumer mission in NYC cannot involve giving away free product. As a consumer buys a competitive brand .... we can offer that consumer "two packs of New Salem ....IF he or she returns the purchased pack to the retailer (it's treated as a retail B1G1F sold by the Retailer).*
  - *This type of "acceptable" consumer offers will be top priority to all Sales and Territory Representatives. At the same time we will utilize name generation cards.*
  - *We cannot hand out free packs or free pack coupons directly to the consumers however we can pay the retailer for the free pack with cash or coupon..*

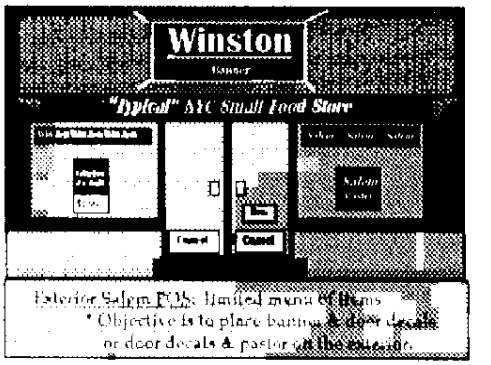
Section #6

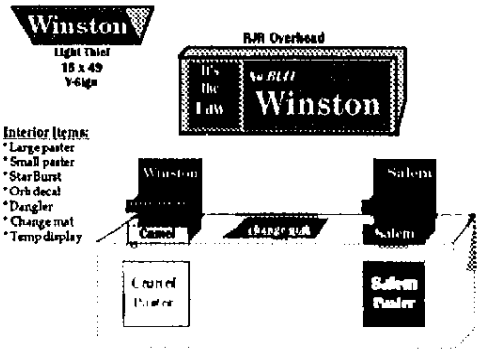
Retail Presence

Salem Plan ..... Marketplace Presence

- **Winston "No Bull" PDI/POS:**
  - » *OPM's, Y-signs, 15x49, Curb mts., banners, etc.*
- **New Salem PDI/POS:**
  - » *Exterior: Banners, Large door decal (limited menu)*
  - » *Interior: Change mat, pasters, dangler (limited menu)*

Do Not Remove any permanent "NO BULL" advertising!





Supporting POS / PDI Items:

Description	Quantity	Per Rep.
ADP-Large	1,075	25 units
ADP-Small	1,075	25 units
ADP-Tray Strip	2,150	50 units
8inchannel strip	14,750	343 units
Large Paster	20,100	476 units
Small Paster	17,200	400 units
24" Pkg.Mdser Card	8,600	200 units
19" Pkg.Mdser Cd/Fuzzy	3,100	72 units
19" Pkg Mdser Cd/Tear Pad	3,100	72 units
16" Pkg.Mdser Card	1,075	25 units
Star Burst Large	24,500	569 units
Star Burst Small	24,500	569 units
Orb Decal Small	18,500	430 units
Push Pack Teaser	6,000	140 units
Push Pack Salem	6,000	140 units
Dangler	1,280	29 units
Change Mat	5,000	116 units
3'x6' Banner	4,300	100 units
Door Decal	25,000	581 units
Temp. Display	4,000	93 units
20 Pack DPC / header	9,000	

Note: The Large Pasters will come in 3 different forms:
1. *Launching Orb*
2. *Global Cooling*
3. *Smoked, Not Stirred*

51854 0478

Source: https://www.industrydocuments.ucsf.edu/docs/mhkn0000

Section #7

Workplan Objectives & Goals

Salem Plan ..... *Sell new Salem into the marketplace .... maintaining primary focus on the new Winston Re-introduction!*

- **The "Nuts & Bolts" of the Introduction:**

- Oct:	*Prebook new Box / reduce excess Salem retail inventory .....*	
- Nov:	*Week 1 DTS: Crew work (NJ/CT sales & retail)* *Week 2, 3, 4: Complete coverage of all 100+ calls.*	*64%CIV*
- Dec:	*Low Volume penetration by Territory Reps.* *Quarterly Retail Calls: 100% coverage* *Yearly Retail Calls: 50% coverage*	*86%CIV*

Salem Plan ..... *Sell new Salem into the marketplace .... maintaining primary focus on the new Winston Re-introduction!*

- **The "Nuts & Bolts" of the Introduction:**

- Oct:	*Prebook new Box / reduce excess Salem retail inventory .....*	
- Nov:	*Week 1 DTS: Crew work (NJ/CT sales & retail)* *Week 2, 3, 4: Complete coverage of all 100+ calls.*	*64%CIV*
- Dec:	*Low Volume penetration by Territory Reps.* *Quarterly Retail Calls: 100% coverage* *Yearly Retail Calls: 50% coverage*	*86%CIV*

"New Salem" will be the #1 Objective in 4th Qtr.
while maintaining Focus on Winston/Camel & Doral

Salem Plan ..... *continued*

- **"How do we work the store?"**

» **Sales Representative Store** (High Volume):

- *Sell the 4 new Box Styles (Objective: 100% distribution)*
- *Sell Temp. display to deep discount old graphics.*
- *Sell Semi-permanent display for new Box styles ..... or if just no possible room ..... position new graphics on PCD.*
- *Sell new Salem POS/PDI (RR placement) .... implement matching strategy on Salem.*
- *THEN ..... take care of Winston, Camel and Doral!*

Salem Plan ..... *continued*

- **"How do we work the store?"**

» **Retail Representatives**:

- *Implement all programs sold by the Sales Representatives.*
- *Remove ALL old graphic Salem POS/PDI .... replace with new Salem graphic materials if available ..... if items are not available due to limited Salem menu .... replace with Winston "NO BULL"*
- *Deep discount Old Graphic Salem .... temp. displays*
- *Special Note: Remember when placing our POS/PDI, remove competitive .... don't cover competitive advertising with our advertising.*

Salem Plan ..... *continued*

- **Territory Representative Store** (do it all):

» *Sell all 4 new Box Styles (Objective: 100% distribution)*
» *Sell Temp. display to deep discount old graphics.*
» *Sell DPC displays for new Box styles or if you do have a permanent footprint ..... display Box and Soft Pack Salem.*
» *Place new Salem POS/PDI and replace all graphic adv.*

- *Interior: Objective is to place 3 pieces of POS*
- *Exterior: Objective is to place One Salem Door Decal (any old Salem POS/PDI taken down without new replacement materials available for Salem .... should be replaced with "NO BULL")*

» *THEN ..... take care of Winston, Camel & Doral*

51854 0479

Source: https://www.industrydocuments.ucsf.edu/docs/mhkn0000

Region CIV coverage / NYC & Long Island

SIS Frequency (46 retail / 24 retail)	Stores	Industry CIV
Monthly or higher frequency:	5,041 stores	64.52% CIV
Quarterly Frequency:	5,133 stores	19.12% CIV
Yearly Frequency:	2,001 stores	6.01% CIV
Z00 ... no contact by TR's:	2,139 stores	12.35% CIV
NYC "Boro / LI" Total:	14,335 stores (13,196 non-retail stores)	100% CIV

[redacted] Salem Kick-Off Meeting ...format:

Meeting Rooms:

Nassau	Room #1
Brooklyn / N.Jersey	Room #2
Manhattan	Room #3
Queens / Yonkers	Room #4
ALL Retail Rep's	Room #5

Louann & John Feltman will be team leaders for the breakout room for all Retail Rep's in the Test Area. All 4 Retail Mgrs. will present the Salem Tactical Plan (use region plan as a guideline) and tailor it to the accountabilities of the RR.

Since the accountabilities and how a Retail Rep works a store is the same even if they cross division lines, a combined meeting for all RR's makes sense.

[redacted]

51854 0480

Source: https://www.industrydocuments.ucsf.edu/docs/mhkn0000